



# Financial Year 2014/15

## 2<sup>nd</sup> Quarter, 1<sup>st</sup> Half

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Investor Relations  
November 2014

# voestalpine Group

## Overview

### From a steel producer to a technology and industrial goods corporation

- High-tech steel is the base of voestalpine, but 15 years of downstream strategy have converted the group from a steelmaker to a technology and industrial goods corporation
- The combination of metallurgical know-how in steel making and top processing expertise leads to innovative technical solutions and new products
- Long-term relationships with customers, suppliers and R&D-institutions as key drivers for innovation
- Sustainable leading position with regards to its specific markets as well as quality, technology and financial performance



**Number 3 in Europe by revenue and market cap**

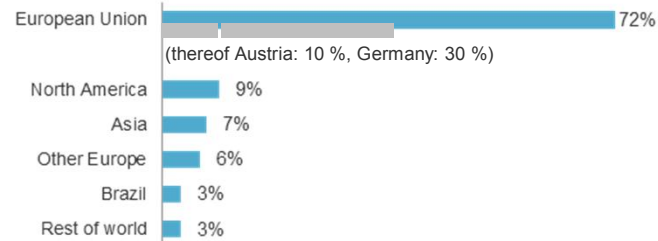
# voestalpine Group

## Global footprint

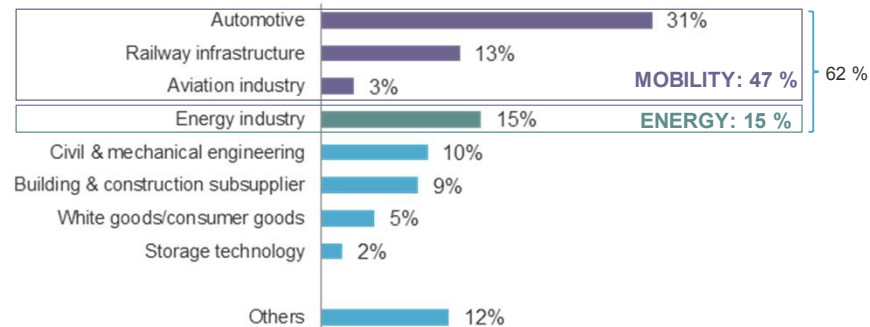
One Group – 500 sites – 50 countries – 5 continents



### Revenue by **regions** (Financial year 2013/14)



### Revenue by **industries** (Financial year 2013/14)





- Uneven development of global business conditions
  - Growth in Europe losing momentum in the course of H1 2014/15
  - Continuation of robust growth in North America
  - Brazil hampered by excessive government regulations
  - China with stable economic performance since spring 2014
- Earnings in Q2 2014/15 affected by one-offs (Metal Forming Division)
- Adjusted for one-off effects Group-earnings in H1 2014/15 slightly above last year's level
  - "Clean" EBIT of 400 €m in H1 2014/15 (396 €m in H1 2013/14)
  - "Clean" EBITDA of 690 €m (680 €m in H1 2013/14)
  - Improved financial result and lower tax rate leading to significantly higher net profit, even after consideration of adjustments
  - Gearing ratio up to 58.8% from 46.0% end of FY 2013/14 due to dividend payment and redemption of Hybrid 2007
- Start of construction phase of HBI project in Texas in July

€m	Q1 2014/15	Q2 2014/15	H1 2014/15	H1* 2013/14	Delta in %
Sales	2,827	2,734	5,561	5,643	-1.5
EBITDA	364	393	757	680	+11.2
EBITDA-%	12.9%	14.4%	13.6%	12.1%	
EBIT	218	226	445	396	+12.2
EBIT-%	7.7%	8.3%	8.0%	7.0%	

\* Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change of accounting method concerning results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onwards reported as part of EBIT).

# Steel Division

## Business development H1 2014/15



- Recovery once more postponed in European steel sector
  - Steel production losing steam after summer
  - Despite further downswing of raw material prices - iron ore hit five-years low – no steel price recovery
- Profitability of Steel Division improving compared to last year
  - Automotive industry as backbone of solid demand situation
  - Recovery of big tubes market (oil/gas) – new pipeline projects started
  - Stable order intake in consumer goods industry
  - Building and construction sector with weaker demand since summer
  - Receding order intake in machine building industry

€m	Q1 2014/15	Q2 2014/15	H1 2014/15	H1* 2013/14	Delta in %
Sales	975	929	1,904	1,928	-1.3
EBITDA	114	97	211	201	+5.2
EBITDA-%	11.7%	10.4%	11.1%	10.4%	
EBIT	57	38	95	88	+8.7
EBIT-%	5.8%	4.1%	5.0%	4.5%	

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# Special Steel Division

## Business development H1 2014/15



- Business environment overall stabilizing
  - Overall stabilizing price level due to improving utilization rates and rising prices for alloys
  - Solid economic sentiment in the US
  - Development in China robust
  - Europe and Brazil lagging behind other markets
- Automotive and consumer goods industries supporting solid demand for tool steel
- Premium materials benefiting from strong performance of aviation sector and oil & gas exploration
- Still dampened investment activities in energy machine building
- Continuous expansion in Value-Added-Services securing leading global position

€m	Q1 2014/15	Q2 2014/15	H1 2014/15	H1* 2013/14	Delta in %
Sales	676	675	1,350	1,326	+1.8
EBITDA	96	87	183	176	+4.0
EBITDA-%	14.2%	12.9%	13.6%	13.3%	
EBIT	61	53	114	110	+4.1
EBIT-%	9.1%	7.9%	8.5%	8.3%	

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# Metal Engineering Division

## Business development H1 2014/15



- Outstanding performance prolonged
- Return of European infrastructure projects recently bolstering demand in Rail Technology business
- Ongoing strong momentum globally in Turnout Systems business
- Automotive industry as driving force for solid performance of Wire Technology business
- Ongoing very satisfactory development in Seamless Tubes business, with so far no negative effect of declining oil price on the demand
- Stable development of Welding Consumables business

€m	Q1 2014/15	Q2 2014/15	H1 2014/15	H1* 2013/14	Delta in %
Sales	679	651	1,330	1,412	-5.8
EBITDA	107	97	204	218	-6.4
EBITDA-%	15.7%	14.9%	15.3%	15.4%	
EBIT	80	69	149	162	-7.8
EBIT-%	11.7%	10.7%	11.2%	11.4%	

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# Metal Forming Division

## Business development H1 2014/15



- Earnings in Q2 2014/15 affected by one-offs
  - Portfolio optimization (sale of Flamco-Group and Plastics Components business)
  - Impairment of minor non-core assets and revaluation of Dutch pension obligations
  - Overall impact on EBIT +45 €m / EBITDA +67 €m
- Solid performance of Automotive Body Parts business
  - Unchanged strong exports of premium brands
  - New car models supporting recovery of volume producers
- Tubes & Sections business showing regional differences
  - Germany, France and Brazil with fading momentum
  - UK- and US-market on solid levels
- Increasing price pressure in Precision Strip business as consequence of new capacities from Asia
- Strong order backlog in Warehouse & Rack Solutions business

€m	Q1 2014/15	Q2 2014/15	H1 2014/15	H1* 2013/14	Delta in %
Sales	602	579	1,181	1,166	+1.3
EBITDA	69	130	199	130	+53.2
EBITDA-%	11.5%	22.4%	16.8%	11.1%	
EBIT	45	85	130	85	+52.9
EBIT-%	7.4%	14.7%	11.0%	7.3%	

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# Financial overview

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# voestalpine Group

## Consolidated overview

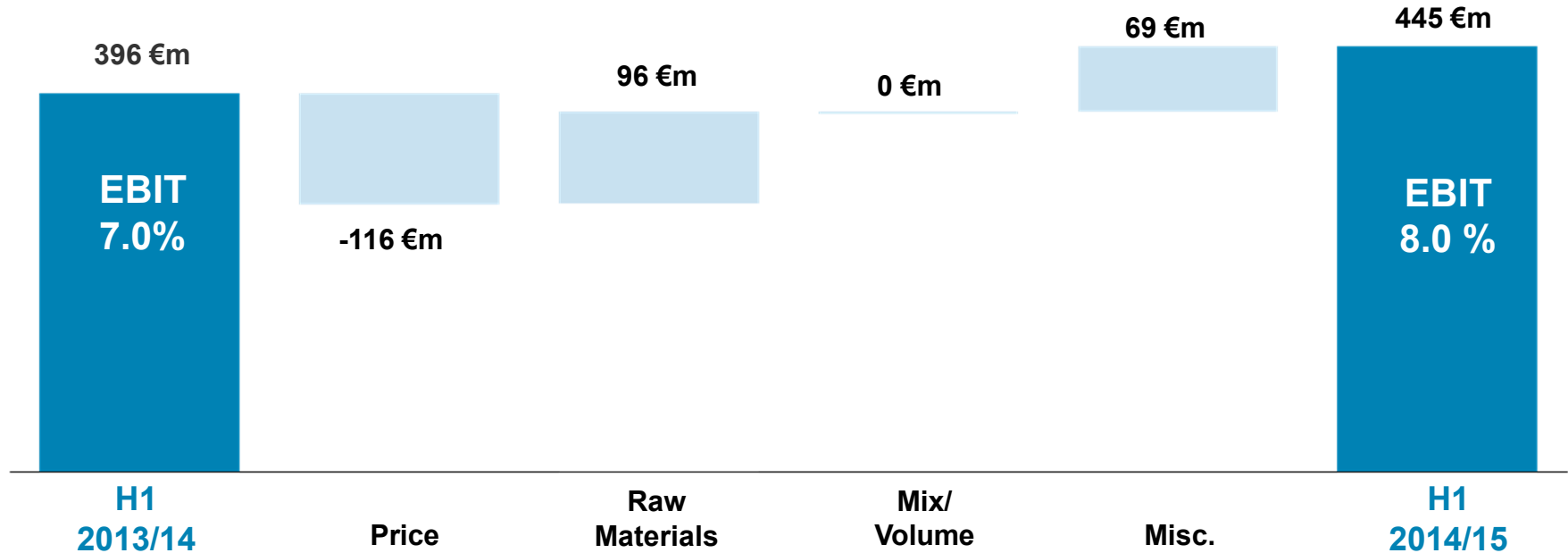
	H1 2013/14*		H1 2014/15		Delta	excluding one-offs	
	01.04. – 30.09.2013		01.04. – 30.09.2014			H1 2014/15 01.04. - 30.09.2014	
	€m	% of Sales	€m	% of Sales		€m	% of Sales
Sales	5,643		5,561		- 1.5	5,561	
EBITDA	680	12.1	757	13.6	+11.2	690	12.4%
EBIT	396	7.0	445	8.0	+12.2	400	7.2%
EBT	312	5.5	392	7.0	+ 25.5	347	
Net profit	238	4.2	324	5.8	+ 35.9	281	
EPS**	1.15		1.65		+43,5	1.40	
Investments***	430	7.6	427	7.7	- 0.7		
Equity	5,062		4,932		- 2.6		
Net financial debt	2,368		2,899		+ 22.4		
Gearing	46.8%		58.8%				

\*\* Based on average number of shares

\*\*\* Fixed assets and acquisitions

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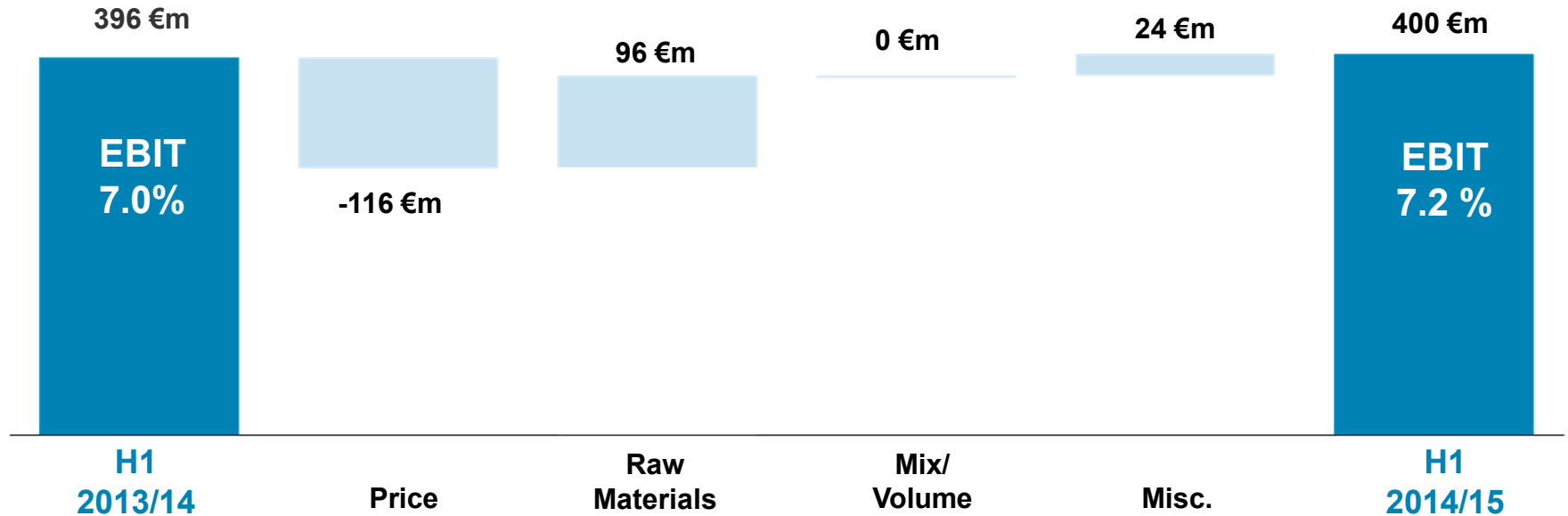
## Development EBIT



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## Development EBIT

*excluding one-offs*



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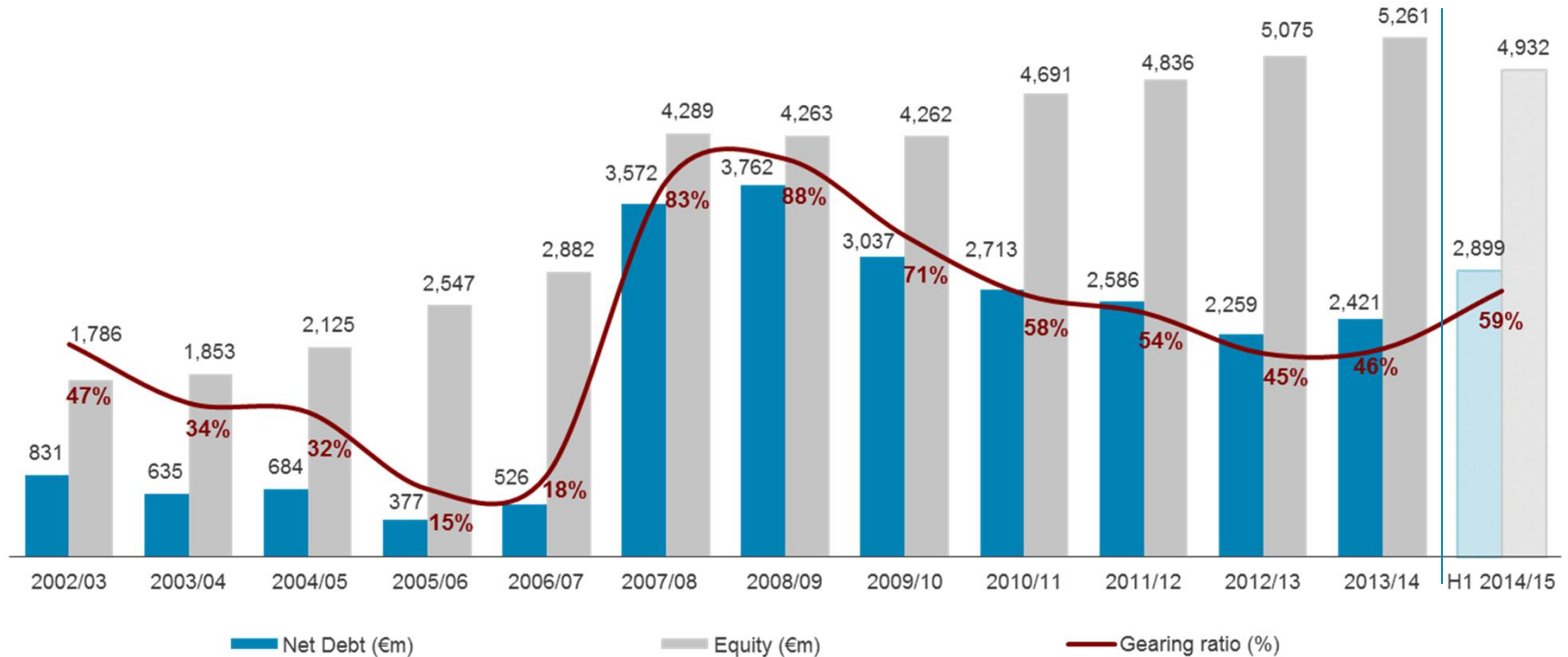
## Development cash flow

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	H1 FY 2013/14* 01.04. – 30.09.2013	H1 FY 2014/15 01.04. – 30.09.2014
	€m	€m
Cash flow from results	571	596
Changes in working capital	-100	-63
Cash flow from operating activities	471	533
Cash from investing activities	-408	-334
Free cash flow	63	199

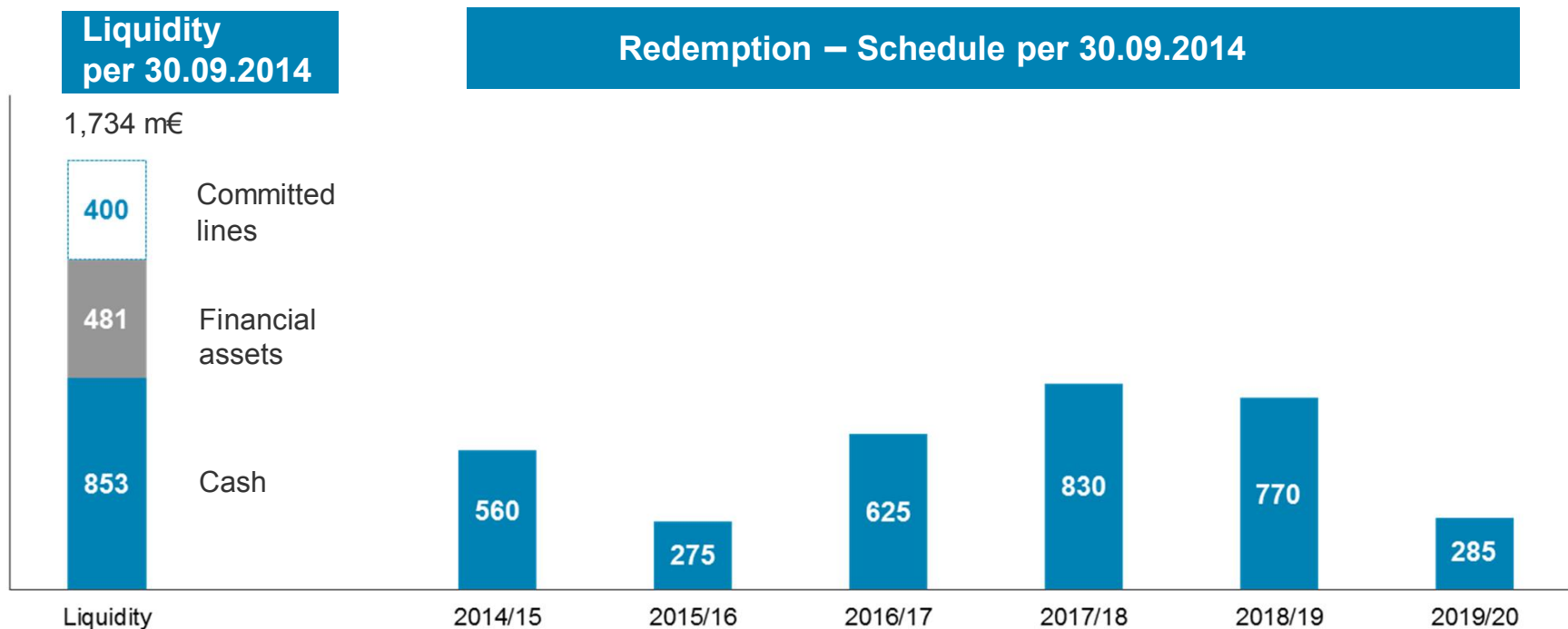
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## Development gearing ratio



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## Development liquidity



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## Outlook

- Conflicts in Near/Mid East and Russia/Ukraine increasingly weighing on the economic development in Europe – recovery further postponed
  - Only moderate activities of voestalpine Group in conflict regions (less than 2 % of total revenues)
- North America and China / South East Asia with stable growth, India awakening (?), Brazil and Russia with ongoing weak economic performance
- Short term expectations for several major customer segments (building/construction, mechanical engineering) more cautious as at the beginning of FY 2014/15
- Nevertheless solid development in all four divisions for the remaining six months with largely full utilization of all production facilities expected
- Outlook for full year's results despite increasingly demanding environment unchanged

EBITDA and EBIT slightly above FY 2013/14 (without one-off effects in Q2)







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